

DRAFT - NOT LEGALLY APPROVED

PHILIP MORRIS U.S.A.

INTER-OFFICE CORRESPONDENCE
120 PARK AVENUE, NEW YORK, NY 10017

TO: Field Sales Force Personnel

DATE: May 26, 1995

FROM: Craig Johnson / Senior VP, Sales

SUBJECT: Marlboro Summer Bonus Flex Fund Program (MSB) 6/30 - 7/31

- July is the peak of the summer buying season
- Marlboro's share has heated to record levels
- Marlboro Leadership Pricing is a proven success

The Vision...

Make Marlboro as hot as the month of July!

Introducing...

The Marlboro Summer Bonus Flex Fund Program (MSB)

Eligible Accounts:

All **Flex Fund** participating Retail Masters accounts (Section 52, with the exception of the Nevada market in Section 52, will **not** be participating in MSB)

The Offer:

Participating accounts will be offered an additional Flex Fund contribution for MSB to reduce the price of Marlboro 25¢ per pack and \$2.50 a carton. The account must offer and communicate a reduced price on Marlboro of at least 25¢ a pack and \$2.50 a carton to consumers. The retail price reduction can be offered as long as total dollars available for MSB reflect a positive balance. Please see "How to determine an account's total dollars available for MSB" on the next page.

Every effort should be made to sell accounts on the benefits of co-funding 5¢ per pack, and 50¢ per carton, to extend the program's duration.

Minimum Price States:

Where the account can co-fund without violating minimum pricing law, you should encourage the account to do so.

Manufacturer's price-off stickers will be available for ordering using Kit #75562.

HARD COPIES PROVIDED BY NYO TO VPRSSs, TMDs, SSDs, TMPs, TMMs, TMEs, RMIAs, NAMs, HRDs, RFDs, RFMs, SOMs, DMs, SAMs, UMs, TSMs, AMMSs, AMSSs, RMSMs, SDAs, SFLMs, DSMs, FNAAs, RFAs, MAs, RAAs, SAAs, AND SELECT PERSONNEL IN THE SECTION 52 NEVADA MARKET ONLY. FOR INTERNAL USE ONLY.

DOC. #342

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014A - 8

7/1 - 7/30

4000.00

Jacque?

Can we say max 250

(2) ~~Complete~~

- ① Refer to dollars reflected in SFA or FSI as of May 30
- ② Subtract any payments owed from recent flex fund programs
- ③ Subtract three months of earned flex dollars from the balance above. (To determine 3 months of earned flex dollars for your account, refer to attachments A1, -A8).
- ④ The final amount represents the total dollars available for MSB.

~~This step is necessary~~ This should ensure that flex funds should be available for use in the 4th Quarter of 1997

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Retail Execution Elements:

- As with the December and January Marlboro Holiday Bonus offers, Philip Morris will deposit additional dollars into each retailer's Flex Fund account. This Marlboro Summer Bonus Contribution will be deposited into Flex Fund accounts the **week of May 22, 1995**. The attached rate tables outline the amount of MSB Contribution an account should receive based on volume level and contract signed (Attachments A1 - A8).
- Beginning **May 30, 1995**, TSMs and Account Managers should access SFA or FSI to view the accurate Flex Fund balances for their accounts. An account's Flex Fund balance as of **May 30, 1995**, will include:
 - first semester (January - June) + second semester (July - December) Flex Fund dollars + **Marlboro Summer Bonus Contribution dollars**

LESS

- any negative balance + unused Marlboro Holiday Bonus money + 1995 Flex Fund payments *invoiced*

Note: Payments to accounts for all recent Flex Fund Promotions must be invoiced prior to using the account balance as of **May 30, 1995**. After payments have been completed, Flex Fund balances should be accurate for use with MSB.

How to determine an account's total dollars available for MSB:

- As of **May 30**, accounts that have a "0" or negative balance cannot participate in MSB. There will be accounts with a "0" or negative balance due to overspending in prior programs. When viewing Flex screens in FSI, please refer to the amount in the second versus first semester period to obtain the Flex Fund balance.

- For Accounts with a positive balance in SFA or FSI, please use the following calculation to determine the total dollars available for MSB: *Using this calculation to both determine the total dollars available for MSB and secure funds for 4th quarter 1995*
Use - Dollars reflected in SFA or FSI less 3 months of earned Flex dollars = total dollars available for MSB. (To determine 3 months of earned Flex dollars for your accounts, refer to Attachments A1 - A8.)

Example 1 - Accounts with balances in SFA or FSI that are greater than 3 months of earned Flex dollars:

Dollars reflected in SFA or FSI as of 5/30	\$200
Less 3 months of earned Flex dollars (\$24 per month)	- 72
Total dollars available for MSB	\$128

The above account can participate in MSB with \$128.

Example 2 - Accounts with balances in SFA or FSI that are less than 3 months of earned Flex dollars:

Dollars reflected in SFA or FSI as of 5/30	\$48
3 months of earned Flex dollars (\$24 per month)	72
Total dollars available for MSB	\$48

For the above example, if 3 months of earned Flex dollars were subtracted from the dollars reflected in SFA or FSI, this would create a negative balance giving the appearance that the account could not participate in MSB. In this situation, the maximum amount that the account can participate in MSB is \$48.

- It is critical that only the total dollars available for MSB be spent on this program. Overspending in the Marlboro Summer Bonus Program will result in "excess" dollars being debited from the fourth quarter. This could result in no available flex funds for the remainder of 1995 for the account.

- For chain accounts, only include stores which are Retail Masters Flex Fund participants when calculating total dollars available for MSB.

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Retail Execution Elements:

- As with the December and January Marlboro Holiday Bonus offers, Philip Morris will deposit additional dollars into each retailer's Flex Fund account. This Marlboro Summer Bonus Contribution will be deposited into Flex Fund accounts the **week of May 22, 1995**. The attached rate tables outline the amount of MSB Contribution an account should receive based on volume level and contract signed (Attachments A1 - A8).
- Beginning **May 30, 1995**, TSMs and Account Managers should access SFA or FSI to view the accurate Flex Fund balances for their accounts. An account's Flex Fund balance as of **May 30, 1995**, will include:
 - first semester (January - June) + second semester (July - December) Flex Fund dollars + Marlboro Summer Bonus Contribution dollars — *BoD*
 - LESS**
 - any negative balance + unused Marlboro Holiday Bonus money + 1995 Flex Fund payments invoiced

Note: Payments to accounts for all recent Flex Fund Promotions must be invoiced prior to using the account balance as of **May 30, 1995**. After payments have been completed, Flex Fund balances should be accurate for use with MSB.

How to determine an account's total dollars available for MSB:

- Accounts that have a "0" or negative balance as of May 30, cannot participate in MSB. There will be accounts with a "0" or negative balance due to overspending in prior programs. When viewing Flex screens in FSI, please refer to the amount in the second versus first semester period to obtain the Flex Fund balance.
- For Accounts with a positive balance in SFA or FSI, please use the following calculation to determine the total dollars available for MSB:
 - **Dollars reflected in SFA or FSI less 3 months of earned Flex dollars = total dollars available for MSB.** (To determine 3 months of earned Flex dollars for your accounts, refer to Attachments A1 - A8.)

Example 1 - Accounts with balances in SFA or FSI that are greater than 3 months of earned Flex dollars:

Dollars reflected in SFA or FSI as of 5/30	\$200
Less 3 months of earned Flex dollars (\$24 per month)	<u>- 72</u>
Total dollars available for MSB	\$128

The above account can participate in MSB with \$128.

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For the above example, if 3 months of earned Flex dollars were subtracted from the dollars reflected in SFA or FSI, this would create a negative balance giving the appearance that the account could not participate in MSB. In this situation, the maximum amount that the account can participate in MSB is \$48.

- **It is critical that only the total dollars available for MSB be spent on this program. Overspending in the Marlboro Summer Bonus Program will result in "excess" dollars being debited from the fourth quarter. This could result in no available flex funds for the remainder of 1995 for the account.**
- For chain accounts, only include stores which are Retail Masters Flex Fund participants when calculating total dollars available for MSB.

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Prior to this mailing Account Managers with headquarter responsibility of a chain hierarchy should communicate to their Account Managers along the hierarchy the total dollars available for MSB for each level. This internal communication should prevent delays in selling the MSB program to ^{these} accounts.

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Commonly Asked Questions and Answers:

What happens when Marlboro Summer Bonus is completed?

- At the conclusion of MSB, any unused MSB Contribution dollars will be deducted from the retailer's Flex Fund balance.

What about non-compliance?

- Since the MSB Contribution has been included in the July Flex Fund rate tables, participating accounts that are non-complied during July will have both their regular July flex dollars and the MSB Contribution deducted from the flex fund balance. If an account cannot be paid due to non-compliance, contact your Region Finance Director.

What about new contracts or non-verified accounts?

- An account must have a verified contract with an effective date of **July 1, 1995** or earlier. If no verified contract exists, the account cannot participate.

Participation Requirements:

- 1) **Retailer must use total dollars available for MSB to reduce the price of Marlboro by at least 25¢ a pack and at least \$2.50 a carton.**
- 2) **Retailer must communicate the reduced Marlboro price.** Three point-of-sale items (2 interior and 1 exterior preferred) will need to be placed and maintained in agreed-upon locations for the duration of the program.
- 3) **Retailer must have a positive May 30, 1995 Flex Fund Balance.** (After second semester and MSB Contribution)
- 4) **Retailer must sign Retailer Understanding Form (Attachment B). Prior to the week of June 12,** please make and distribute four copies for immediate use with accounts. Quantities of 4-Part Forms will be received by TSMs and Account Managers the **week of June 12, 1995.**

Paying Accounts:

To maintain accurate Flex Fund Account balances, only promotion code 014A should be used to process payments for this promotion. The 777M code will not be accepted for invoicing account payments for this promotion.

- Independent Accounts - In SFA on the Promotions Placement screen. **The payment code is 014A.** Payment Instructions (Attachment C)
- Chain Accounts - In FSI on the placement screen. **The payment code is 014A.** Payment Instructions (Attachment D)
- *EXPLAIN WHAT TO DO BETWEEN 6/1 AND 6/12*
Account Managers calling on a Management Account tied to a Chain Hierarchy will receive reports outlining MSB Flex Fund budget available at the Management Account level the **week of June 17, 1995.**
- Accounts are to be invoiced at the conclusion of the MSB Program. **All invoicing for MSB must be completed no later than September 15, 1995.** On September 16, 1995, all unused MSB Contribution dollars will be deducted from Flex Funds.

Remember, pay for performance only after the program's completion using scanning data, count/recount, or price look-up (PLU) cash register data, etc. Additionally, strive to obtain the proper business results for this program. For example, if an account is paid \$100 for MSB, they should have sold at least 40 cartons of Marlboro at the reduced price.

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Survey Questions:

Respond to each question only once during the program. Please note that a record of your responses is not retained in the Profile Survey section of SFA. As a result, you should retain a record of your responses.

Profile Survey Question #1:

Question: Is account participating in Marlboro Summer Bonus?

Answer: Enter "YES" if the account is participating in Marlboro Summer Bonus.
Enter "NO" if the account is not participating in Marlboro Summer Bonus.

Profile Survey Question #2:

Question: Did the account elect to co-fund?

Answer: Enter "YES" if the account is co-funding. Enter "NO" if the account is not co-funding.

Marlboro Summer Bonus Tracking

Directed Call Go through the following Directed Call screens: Profile Brand Distribution Price Merchandising POS/Fixture Promotions Once this information is completed, you will then be able to answer the survey questions by following these steps: Click and hold "Account" on top menu bar Survey Question Select Profile The Profile Screen will then appear	Profile Only When you are in the account just to update profile information: Click and hold "Account" on top menu bar Survey Question Select Profile
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Program Timelines

- May 26 MSB Program elements received in the field.
- May 30 Retail POS kits are available for SFA ordering.
- June 1 TSM and Account Managers begin retail sell-in of MSB Program.
- w/o June 12 TSM and Account Managers receive Retailer Understanding Forms
- June 17 Account Managers calling on a management account tied to a chain hierarchy will be mailed reports outlining the MSB dollars available at the Management Account level.
- June 22 Retail POS kits available for retail delivery .
- June 22 Home delivery of TSM van kits begins.
- June 30 Marlboro Summer Bonus begins at retail.
- September 15 Last day to finalize and approve MSB invoicing.
- September 16 All unused MSB Contribution dollars deducted from Flex Fund accounts.

NOTE: Marlboro Summer Bonus is available from June 30 through July 31, 1995. Every effort should be made to include the July 4th holiday weekend in the program.

Retailer Presentation

The Summer Bonus Presentation (Attachment E) can be accessed via the SI Support File Server in the folder entitled "Summer Bonus".

The plans for Marlboro Summer Bonus have been announced. The only ingredient remaining is the flawless execution. Your quality performance should ensure our success.

Good Selling!

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Point-of-Sale Material

TSM van kits will be delivered the week of June 22, 1995. Each van kit will contain the following POS:

Marlboro Summer Bonus Van Kit Components Kit # 76943	
Item Description	Quantity
Horizontal Poster	50
Vertical Poster	50
Danglers	50
Multi-Purpose Card	50
6-Wide Display Header	45
Large Starburst	50
Small Starburst	50
Magnum Marker	1
Double Sided Marker	1

The following kits will be allocated to TSMs for retail delivery:

Marlboro Summer Bonus POS Retail Kit Kit # 88365 MIDAS POS # 88366	
Item Description	Quantity
Horizontal Poster	2
Vertical Poster	2
Danglers	1
Multi-Purpose Card	1
6-Wide Display Header	1
Static Cling	1

Marlboro Summer Bonus Sticker Roll Kit Kit # 75562 MIDAS POS # 75563	
Item Description	Quantity
MSB Sticker Roll P/F 500	1 *

Marlboro Summer Bonus 40 Ctn. Floor Display Kit # 76944 MIDAS POS # 76945	
Item Description	Quantity
40 Carton Floor Display	1

Marlboro Summer Bonus 40 - Pack Display Kit # 76939 MIDAS POS # 76938	
Item Description	Quantity
40 Pack Display	10

* Ordering a quantity of 1 results in receiving 500 stickers

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Point-of-Sale Material (continued)

Marlboro Summer Bonus Pump Topper Kit # 76927 MIDAS POS # 76926	
Item Description	Quantity
Pump Topper	5

Marlboro Summer Bonus Small Ctr. Bal. Overlay Kit # 76929 MIDAS POS # 76928	
Item Description	Quantity
Small Center Balance Overlay	1

Marlboro Summer Bonus Large Ctr. Bal. Overlay Kit # 76931 MIDAS POS # 76930	
Item Description	Quantity
Large Center Balance Overlay	1

Marlboro Summer Bonus 9 Ft. Banner Kit # 76933 MIDAS POS # 76932	
Item Description	Quantity
9 Ft. Banner	1

Marlboro Summer Bonus 4 Ft. Banner Kit # 76935 MIDAS POS # 76934	
Item Description	Quantity
4 Ft. Banner	1

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Attachment A-1

Marlboro Summer Bonus Flex Program Retail Masters (Non-Exclusive) P1/P2/M1/M2 Contracts

Payment Grids

Use this Grid if you have a P1/P2/M1/M2 Contract in Regions 2, 3, 4
and Sections 11, 12, 13 or M1/M2 only in Sections 14, 51, 53, 54
and 52 in Nevada only.

PM Volume (CPW)	Rate Factor	3 Months Earned Flex Dollars	MSB Contribution Dollars
<30	1	\$0	\$0
30 - 48	2	\$0	\$0
49 - 64	3	\$72	\$110
65 - 77	4	\$93	\$138
78 - 89	5	\$108	\$162
90 - 103	6	\$126	\$187
104 - 122	7	\$147	\$219
123 - 146	8	\$174	\$261
147 - 177	9	\$210	\$314
178 - 210	10	\$252	\$376
211 - 255	11	\$300	\$452
256 - 304	12	\$363	\$543
305 - 367	13	\$435	\$652
368 - 438	14	\$522	\$782
439 - 527	15	\$627	\$937
528 - 630	16	\$750	\$1,123
631 - 759	17	\$900	\$1,348
760 - 908	18	\$1,083	\$1,617
909 - 1093	19	\$1,299	\$1,941
1094 - 1308	20	\$1,560	\$2,329
1309 - 1573	21	\$1,869	\$2,795
1574 - 1886	22	\$2,247	\$3,355
1887 - 2265	23	\$2,694	\$4,026
2266 - 2716	24	\$3,234	\$4,831
2717 - 3261	25	\$3,882	\$5,797
3262 - 3912	26	\$4,659	\$6,957
3913 - 4695	27	\$5,589	\$8,347
4696 - 5634	28	\$6,708	\$10,017
5635 - 7031	29	\$8,226	\$12,282
7032 - 7842	30	\$9,660	\$14,423
7843 - 10007	31	\$11,592	\$17,309
10008 - 11412	32	\$13,911	\$20,771
11413 - 14291	33	\$16,692	\$24,925

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Attachment A-2

Marlboro Summer Bonus Flex Program Retail Masters (Exclusive) P1/P2 Contracts

Payment Grids

Use this Grid if you are in Regions 2, 3, 4 or Sections 11, 12, 13

PM Volume (CPW)	Rate Factor	3 Months Earned Flex Dollars	MSB Contribution Dollars
<30	1	\$0	\$0
30 - 48	2	\$0	\$0
49 - 64	3	\$144	\$110
65 - 77	4	\$186	\$138
78 - 89	5	\$216	\$162
90 - 103	6	\$252	\$187
104 - 122	7	\$294	\$219
123 - 146	8	\$348	\$261
147 - 177	9	\$420	\$314
178 - 210	10	\$504	\$376
211 - 255	11	\$600	\$452
256 - 304	12	\$726	\$543
305 - 367	13	\$870	\$652
368 - 438	14	\$1,044	\$782
439 - 527	15	\$1,254	\$937
528 - 630	16	\$1,500	\$1,123
631 - 759	17	\$1,800	\$1,348
760 - 908	18	\$2,166	\$1,617
909 - 1093	19	\$2,598	\$1,941
1094 - 1308	20	\$3,120	\$2,329
1309 - 1573	21	\$3,738	\$2,795
1574 - 1886	22	\$4,494	\$3,355
1887 - 2265	23	\$5,388	\$4,026
2266 - 2716	24	\$6,468	\$4,831
2717 - 3261	25	\$7,764	\$5,797
3262 - 3912	26	\$9,318	\$6,957
3913 - 4695	27	\$11,178	\$8,347
4696 - 5634	28	\$13,416	\$10,017
5635 - 7031	29	\$16,452	\$12,282
7032 - 7842	30	\$19,320	\$14,423
7843 - 10007	31	\$23,184	\$17,309
10008 - 11412	32	\$27,822	\$20,771
11413 - 14291	33	\$33,384	\$24,925

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Attachment A-3

Marlboro Summer Bonus Flex Program
Retail Masters (Non-Exclusive) P1/P2 Contracts

Payment Grids

Use this Grid if you are in:
Sections 14, 51, 53, 54, and 52 in Nevada Only

PM Volume (CPW)	Rate Factor	3 Months Earned Flex Dollars	MSB Contribution Dollars
<30	1	\$0	\$0
30 - 48	2	\$0	\$0
49 - 64	3	\$144	\$110
65 - 77	4	\$186	\$138
78 - 89	5	\$216	\$162
90 - 103	6	\$252	\$187
104 - 122	7	\$294	\$219
123 - 146	8	\$348	\$261
147 - 177	9	\$420	\$314
178 - 210	10	\$504	\$376
211 - 255	11	\$600	\$452
256 - 304	12	\$726	\$543
305 - 367	13	\$870	\$652
368 - 438	14	\$1,044	\$782
439 - 527	15	\$1,254	\$937
528 - 630	16	\$1,500	\$1,123
631 - 759	17	\$1,800	\$1,348
760 - 908	18	\$2,166	\$1,617
909 - 1093	19	\$2,598	\$1,941
1094 - 1308	20	\$3,120	\$2,329
1309 - 1573	21	\$3,738	\$2,795
1574 - 1886	22	\$4,494	\$3,355
1887 - 2265	23	\$5,388	\$4,026
2266 - 2716	24	\$6,468	\$4,831
2717 - 3261	25	\$7,764	\$5,797
3262 - 3912	26	\$9,318	\$6,957
3913 - 4695	27	\$11,178	\$8,347
4696 - 5634	28	\$13,416	\$10,017
5635 - 7031	29	\$16,452	\$12,282
7032 - 7842	30	\$19,320	\$14,423
7843 - 10007	31	\$23,184	\$17,309
10008 - 11412	32	\$27,822	\$20,771
11413 - 14291	33	\$33,384	\$24,925

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Attachment A-4

**Marlboro Summer Bonus Flex Program
Retail Masters (Exclusive) P1/P2 Contracts**

Payment Grids

Use this Grid if you are in:

Sections 14, 51, 53, 54, and 52 in Nevada Only

PM Volume (CPW)	Rate Factor	3 Months Earned Flex Dollars	MSB Contribution Dollars
<30	1	\$ 0	\$ 0
30 - 48	2	\$ 0	\$ 0
49 - 64	3	\$216	\$110
65 - 77	4	\$279	\$138
78 - 89	5	\$324	\$162
90 - 103	6	\$378	\$187
104 - 122	7	\$441	\$219
123 - 146	8	\$522	\$261
147 - 177	9	\$630	\$314
178 - 210	10	\$756	\$376
211 - 255	11	\$900	\$452
256 - 304	12	\$1,089	\$543
305 - 367	13	\$1,305	\$652
368 - 438	14	\$1,566	\$782
439 - 527	15	\$1,881	\$937
528 - 630	16	\$2,250	\$1,123
631 - 759	17	\$2,700	\$1,348
760 - 908	18	\$3,249	\$1,617
909 - 1093	19	\$3,897	\$1,941
1094 - 1308	20	\$4,680	\$2,329
1309 - 1573	21	\$5,607	\$2,795
1574 - 1886	22	\$6,741	\$3,355
1887 - 2265	23	\$8,082	\$4,026
2266 - 2716	24	\$9,702	\$4,831
2717 - 3261	25	\$11,646	\$5,797
3262 - 3912	26	\$13,977	\$6,957
3913 - 4695	27	\$16,767	\$8,347
4696 - 5634	28	\$20,124	\$10,017
5635 - 7031	29	\$24,678	\$12,282
7032 - 7842	30	\$28,980	\$14,423
7843 - 10007	31	\$34,776	\$17,309
10008 - 11412	32	\$41,733	\$20,771
11413 - 14291	33	\$50,076	\$24,925

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Attachment A-5

Marlboro Summer Bonus Flex Program Retail Masters (Non-Exclusive) C/TS/WC/M3-M6 Contracts

Payment Grids

Use this Grid if you have a C/TS/WC/M3-M6 Contract in Regions 2, 3, 4
and Sections 11, 12, 13 or M3-M6 only in Sections 14, 51, 53, 54
and 52 in Nevada only

PM Volume (CPW)	Rate Factor	3 Months Earned Flex Dollars	MSB Contribution Dollars
<76	1	\$0	\$0
76 - 95	2	\$111	\$166
96 - 120	3	\$141	\$209
121 - 150	4	\$177	\$263
151 - 190	5	\$222	\$331
191 - 240	6	\$279	\$418
241 - 300	7	\$351	\$525
301 - 377	8	\$441	\$657
378 - 469	9	\$549	\$821
470 - 586	10	\$684	\$1,024
587 - 733	11	\$855	\$1,280
734 - 916	12	\$1,071	\$1,600
917 - 1146	13	\$1,338	\$2,000
1147 - 1432	14	\$1,674	\$2,501
1433 - 1790	15	\$2,091	\$3,125
1791 - 2238	16	\$2,616	\$3,907
2239 - 2798	17	\$3,270	\$4,884
2799 - 3497	18	\$4,089	\$6,105
3498 - 4372	19	\$5,109	\$7,632
4373 - 5464	20	\$6,387	\$9,539
5465 - 6831	21	\$7,986	\$11,923
6832 - 8538	22	\$9,981	\$14,904
8539 - 10674	23	\$12,477	\$18,631
10675 - 13341	24	\$15,597	\$23,288
13342 - 16678	25	\$19,497	\$29,110
16679 - 20847	26	\$24,372	\$36,389
20848 - 26059	27	\$30,465	\$45,486

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Attachment A-6

Marlboro Summer Bonus Flex Program Retail Masters (Exclusive) C/TS/WC Contracts

Payment Grids

Use this Grid if you are in Regions 2, 3, 4 or Sections 11, 12, 13

PM Volume (CPW)	Rate Factor	3 Months Earned Flex Dollars	MSB Contribution Dollars
<76	1	\$0	\$0
76 - 95	2	\$222	\$166
96 - 120	3	\$282	\$209
121 - 150	4	\$354	\$263
151 - 190	5	\$444	\$331
191 - 240	6	\$558	\$418
241 - 300	7	\$702	\$525
301 - 377	8	\$882	\$657
378 - 469	9	\$1,098	\$821
470 - 586	10	\$1,368	\$1,024
587 - 733	11	\$1,710	\$1,280
734 - 916	12	\$2,142	\$1,600
917 - 1146	13	\$2,676	\$2,000
1147 - 1432	14	\$3,348	\$2,501
1433 - 1790	15	\$4,182	\$3,125
1791 - 2238	16	\$5,232	\$3,907
2239 - 2798	17	\$6,540	\$4,884
2799 - 3497	18	\$8,178	\$6,105
3498 - 4372	19	\$10,218	\$7,632
4373 - 5464	20	\$12,774	\$9,539
5465 - 6831	21	\$15,972	\$11,923
6832 - 8538	22	\$19,962	\$14,904
8539 - 10674	23	\$24,954	\$18,631
10675 - 13341	24	\$31,194	\$23,288
13342 - 16678	25	\$38,994	\$29,110
16679 - 20847	26	\$48,744	\$36,389
20848 - 26059	27	\$60,930	\$45,486

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Attachment A-7

Marlboro Summer Bonus Flex Program Retail Masters (Non-Exclusive) C/TS/WC Contracts

Payment Grids

Use this Grid if you are in:
Sections 14, 51, 53, 54, and 52 in Nevada Only

PM Volume (CPW)	Rate Factor	3 Months Earned Flex Dollars	MSB Contribution Dollars
<76	1	\$0	\$0
76 - 95	2	\$222	\$166
96 - 120	3	\$282	\$209
121 - 150	4	\$354	\$263
151 - 190	5	\$444	\$331
191 - 240	6	\$558	\$418
241 - 300	7	\$702	\$525
301 - 377	8	\$882	\$657
378 - 469	9	\$1,098	\$821
470 - 586	10	\$1,368	\$1,024
587 - 733	11	\$1,710	\$1,280
734 - 916	12	\$2,142	\$1,600
917 - 1146	13	\$2,676	\$2,000
1147 - 1432	14	\$3,348	\$2,501
1433 - 1790	15	\$4,182	\$3,125
1791 - 2238	16	\$5,232	\$3,907
2239 - 2798	17	\$6,540	\$4,884
2799 - 3497	18	\$8,178	\$6,105
3498 - 4372	19	\$10,218	\$7,632
4373 - 5464	20	\$12,774	\$9,539
5465 - 6831	21	\$15,972	\$11,923
6832 - 8538	22	\$19,962	\$14,904
8539 - 10674	23	\$24,954	\$18,631
10675 - 13341	24	\$31,194	\$23,288
13342 - 16678	25	\$38,994	\$29,110
16679 - 20847	26	\$48,744	\$36,389
20848 - 26059	27	\$60,930	\$45,486

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Attachment A-8

**Marlboro Summer Bonus Flex Program
Retail Masters (Exclusive) C/TS/WC Contracts**

Payment Grids

**Use this Grid if you are in:
Sections 14, 51, 53, 54, and 52 in Nevada Only**

PM Volume (CPW)	Rate Factor	3 Months Earned Flex Dollars	MSB Contribution Dollars
<76	1	\$0	\$0
76 - 95	2	\$333	\$166
96 - 120	3	\$423	\$209
121 - 150	4	\$531	\$263
151 - 190	5	\$666	\$331
191 - 240	6	\$837	\$418
241 - 300	7	\$1,053	\$525
301 - 377	8	\$1,323	\$657
378 - 469	9	\$1,647	\$821
470 - 586	10	\$2,052	\$1,024
587 - 733	11	\$2,565	\$1,280
734 - 916	12	\$3,213	\$1,600
917 - 1146	13	\$4,014	\$2,000
1147 - 1432	14	\$5,022	\$2,501
1433 - 1790	15	\$6,273	\$3,125
1791 - 2238	16	\$7,848	\$3,907
2239 - 2798	17	\$9,810	\$4,884
2799 - 3497	18	\$12,267	\$6,105
3498 - 4372	19	\$15,327	\$7,632
4373 - 5464	20	\$19,161	\$9,539
5465 - 6831	21	\$23,958	\$11,923
6832 - 8538	22	\$29,943	\$14,904
8539 - 10674	23	\$37,431	\$18,631
10675 - 13341	24	\$46,791	\$23,288
13342 - 16678	25	\$58,491	\$29,110
16679 - 20847	26	\$73,116	\$36,389
20848 - 26059	27	\$91,395	\$45,486

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Attachment B

SUMMER BONUS PROGRAM Retailer Understanding of Program Elements

In order to receive the Philip Morris allowance, I understand that participants will need to reduce the price of **MARLBORO** by at least 25¢ a pack or \$2.50 a carton based on the normal non-promotional retail selling price in effect on ___/___/95, and offer the reduced price to consumers for as long as budget dollars are available.

Additionally, three point-of-sale items (2 interior and 1 exterior) will need to be placed and maintained in agreed-upon locations for the duration of the program.

POS Item

Location

_____	_____
_____	_____
_____	_____

Differential Price Schedule

MARLBORO

Price in Effect _____/_____/95

Pack: \$ _____ Carton: \$ _____

Reduced Price

Pack: \$ _____ Carton: \$ _____

Potential Promotion Allowance Payments

Allowance payments will be made for full participation in this promotion at the completion of the program:

Total Dollars Available for Marlboro Summer Bonus \$ _____

+ Marlboro Carton Allowance \$ _____

= Total # of Marlboro Cartons Available for Promotion _____

Philip Morris reserves the right to audit compliance of any of these program requirements at any time, to audit sales and/or shipment receipts upon request, and to withhold payment for any non-compliance.

Store Name: _____ Control #: _____

Store Address: _____

-Philip Morris Representative (please print) _____ Territory #: _____

Signature: _____ Date: _____

I understand the elements of the Summer Bonus Program and I will participate.

Retailer (please print) _____

Signature: _____ Date: _____

White - Section Office

Yellow - Retailer

Pink - PM Manager

Goldenrod - PM Representative

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Attachment C

Marlboro Summer Bonus Independent Invoicing Instructions

In SFA, open the "PROMOTIONS PLACEMENT" screen.

(This screen is available by using "Command 6" or by selecting "Promotions Placement" from the ACCOUNT Menu")

Enter the correct Promotional Code - (014A)

Enter the correct number of cartons

Enter the Rate of Payment

Promotions Placement

Promotions Available
☐ Monthly ☒ Territory ☒ Carton
☐ Nationwide ☐ Pack

Cartons Sold
This Call Total 0

Flex Fund
\$ N/A

Code 014A
Displays 0
Incentives 0
Rate 0.00
Amount Due 0.00

Type BUY DOWN **PM Brand** MARLBORO
MARLBORO SUMMER BONUS \$2.50/CTN PAYMENT
LOCAL PAY LATER

POS Description:

History **ADD** **REMOVE** **UPDATE**

Date Placed	Placed By	Code	Description	Pay Dis	Rate	Inc	Due Status
-------------	-----------	------	-------------	---------	------	-----	------------

Select Pay method - LOCAL

Select Pay By PAY LATER

History **ADD** **REMOVE** **UPDATE**

Date Placed	Placed By	Code	Description	Pay Dis	Rate	Inc	Due Status
00/00/95	NNNNXX	000	MARLBORO SUMMER BONUS \$2.50/CTN	L 0	0.00	000	000.00

ENTRY WILL APPEAR "L"

NO CHECK GENERATED AT THIS TIME

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Attachment C

Marlboro Summer Bonus Independent Invoicing Instructions (continued)

PDS Description :

MARLBORO SUMMER BONUS \$2.50/CTN PAY ?

LOCAL INVOICE

Rate 0.00
Amount Due 0.00

History ADD REMOVE UPDATE

Date Placed	Placed By	Code	Description	Pay Dis	Rate	Inc	Due Status
-------------	-----------	------	-------------	---------	------	-----	------------

After verification of performance, click on the promotional entry, (it will turn black), and use the pull down menu for PAY BY, and select "INVOICE"

History ADD REMOVE UPDATE

Date Placed	Placed By	Code	Description	Pay Dis	Rate	Inc	Due Status
00/00/95	123456	KXXX	MARLBORO SUMMER BONUS/CTN	I 8	0.00	000	000.00

Click on the box labeled "Update"

Entry will appear with an "I" (for Payment by Invoice, automatically generated by FSI)

Click on the CLOSE box to continue call.

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Attachment D

CHAIN PAYMENT INSTRUCTIONS/FSI

Step	Action				
1	Access the Management Promotion Pay Level screen and inquire on the management account to be paid the Marlboro Summer Bonus.				
2	<table><tr><th>Either</th><th>Or</th></tr><tr><td>Modify the current promotion pay level data for the management account</td><td>Add the promotion pay level data for the management account.</td></tr></table>	Either	Or	Modify the current promotion pay level data for the management account	Add the promotion pay level data for the management account.
Either	Or				
Modify the current promotion pay level data for the management account	Add the promotion pay level data for the management account.				
3	Access the Retail Promotion screen.				
4	<p>* Using promotion code 014A, assign the promotion to each retail store for the management account.</p> <p>Notes</p> <ol style="list-style-type: none">1. You can also mass assign promotions to retail stores via the Mass Retail Promotion Assignment screen.2. Territory Sales Managers will have to verify the promotion for the retail store in SFA before you can pay it in FSI.				
5	After reverification: Access the Management Invoice Store List - Summary screen and review the lines items on the promotion invoice. Make adjustments by double-clicking on a line item.				
6	Access the Management Promotion Invoice screen and finalize the invoice.				
7	Approve the promotion invoice if it falls within Finance's approval guidelines, or have your supervisor approve the promotion invoice if it fails outside of Finance's approval guidelines.				

During the third quarter the 014A payment code is the only Flex Fund code to be used. The 777M code will not be accepted when invoicing accounts in the third quarter.

* Note: Promotion **014A** entered into FSI by account managers must be verified by the TSM in SFA to allow account managers to pay chain account.

- Select promotion **014A** on the bottom of the Promotion Placement screen.
- Click the VERIFY button.
 - The status of the promotion will change to Verified.
- Finish the account.

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